

AGENDA ITEM

REPORT TO CABINET

24TH JUNE 2021

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Environment and Transport - Lead Cabinet Member – Councillor Mike Smith

Extension to Waste Disposal Contract

SUMMARY

1. The current Tees Valley Waste Disposal Contract ends on 21st July 2025, with the timetable of the Service Commencement Date (SCD) for the new ERF project to be the 1st April 2026. Due to this 9 month period (between 21st July 2025 and 1st April 2026) it is a requirement that we have an arrangement in place for the disposal of our waste until our new facility is operational and accepting waste.

REASON FOR RECOMMENDATIONS/DECISIONS

2. To mitigate the risk of being left without a waste disposal outlet for our municipal waste for the 9 month period between 21st July 2025 and 1st April 2026.

RECOMMENDATIONS

3. To authorise the council to enter into the Contract Extension Option Agreement between the four former Cleveland authorities and Suez, which shall provide service continuity on the existing Waste Disposal Contract until at least 31st March 2026 and as set out in this report.

DETAIL

4. The original Contract was due to expire on 21st July 2020. There was insufficient time remaining on the Contract to procure a new Waste Treatment Contract. Hence, negotiations were undertaken with SUEZ and it was agreed to extend the Contract by 5 years to 21st July 2025. A Deed of Variation was signed by all parties in 2018 to formalise this agreement.
5. At the January 2019 Market Engagement day, the timetable proposed for the procurement and subsequent construction of the new TV ERF was challenged by a number of the companies present – in that they perceived that the original timetable for delivery of the project by April 2025 was extremely challenging. The timetable for the delivery of the project was then subsequently amended for Service Commencement Date (SCD) to be the 1st April 2026
6. With the existing Contract with SUEZ due to expire on the 21st July 2025, there was a requirement to look to extend the Contract to the 31st March 2026, in preparation for the SCD

for the new contract of the 1st April 2026. Negotiations on the Contract Extension Option Agreement commenced in early 2020.

7. The negotiations with SUEZ have been concluded. In principle, subject to Cabinet approval, it has been agreed for all four TVA's and SUEZ to enter into a Contract Extension Option Agreement. The option agreement contains provision for 3 optional extensions, the first from 22 July 2025 to 31 March 2026, which is anticipated to be triggered once the agreement is signed and, thereafter, if agreed by all parties, secondly from 1 April 2026 to 30 September 2026 and again, thirdly, from 1 October 2026 to 31 March 2027. The option agreement does not commit any party to the second and third extensions but gives all parties the flexibility should it become necessary.
8. The Report to Cabinet in October 2019 presented the Outline Business Case for the new Waste Facility and highlighted that associated cost increases would be applicable from 2025/26. The Council's Medium Term Financial Plan will be updated in February 2022 to include the implications for 2025/26. The recommended contract extension does not increase those costs.
9. The other three former Cleveland authorities have approved the entering into if the contract extension option agreement

COMMUNITY IMPACT IMPLICATIONS

10. All residents and businesses will benefit from a suitable waste disposal outlet.

CORPORATE PARENTING IMPLICATIONS

11. Not applicable

FINANCIAL IMPLICATIONS

12. The gate fee negotiated with SUEZ for the 9 month contract extension is within the costs already highlighted for waste disposal from 22 July 2025.

LEGAL IMPLICATIONS

13. The contract is to be extended pursuant to the Public Contracts Regulations which permits this extension on the grounds that

(i) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen; or additional services become necessary and a change in contractor cannot be made because of a) economic or technical reasons; or b) significant inconvenience or substantial duplication of costs

(ii) the modification does not alter the overall nature of the contract; and

(iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement."

RISK ASSESSMENT

14. Not applicable

WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS

BACKGROUND PAPERS

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